

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02  
CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04  
CEA-01 AF-08 ARA-10 NEA-10 IO-13 AGRE-00 L-03 H-02  
PA-02 PRS-01 /152 W  
-----111854Z 011681 /42

R 111828Z FEB 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 5589  
DEPARTMENT TREASURY  
INFO USMISSION OECD PARIS  
USMISSION EC BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY TOKYO

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DEPARTMENT PASS FEDERAL RESERVE

E. O. 11652: N/A  
TAGS: EFIN, GW  
SUBJECT: STATE SECRETARY ROHWEDDER ON PROPOSALS TO  
INCREASE GERMAN IMPORTS

1. ON FEBRUARY 10 STATE SECRETARY ROHWEDDER OF THE  
ECONOMICS MINISTRY PUBLISHED AN ARTICLE IN THE  
HANDELSBLATT HEADLINED: "GERMAN IMPORTS NOT LAGGING -  
OTHER PARTNERS SHOULD CHANGE THEIR POLICIES." IN  
THIS ARTICLE ROHWEDDER REJECTED PROPOSALS TO STIMULATE  
THE GERMAN ECONOMY IN ORDER TO INCREASE GERMAN  
IMPORTS. ACCORDING TO ROHWEDDER, IN THE PERIOD  
1975/76 THE FRG ACHIEVED THE HIGHEST INCREASE IN  
IMPORT VOLUME OF ALL WESTERN INDUSTRIALIZED COUNTRIES.  
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THUS, ROHWEDDER ARGUED, OTHER COUNTRIES NOW SHOULD  
TAKE MEASURES TO STIMULATE THEIR IMPORTS. THE  
FOLLOWING IS A SUMMARY OF ROHWEDDER'S ARTICLE.

2. ROHWEDDER INITIALLY POINTS OUT THAT THE INTER-  
NATIONAL ECONOMIC POLICY OF THE NEW US ADMINISTRATION  
AIMS AT MORE EXPANSIONARY POLICIES IN THE FRG AND

JAPAN. SUCH POLICIES SHOULD INCREASE IMPORTS OF THESE COUNTRIES, THEREBY PROVIDING ADDITIONAL STIMULI FOR INTERNATIONAL TRADE. HOWEVER, ROHWEDDER ARGUES, WITH REGARD TO GERMANY, THE US ADMINISTRATION APPARENTLY OVERLOOKED THE ESSENTIAL CONTRIBUTIONS MADE BY THE FRG DURING THE LAST TWO YEARS TO THE STIMULATION OF THE ECONOMIES OF ITS TRADING PARTNERS. ACCORDING TO ROHWEDDER, IN 1975/76 NO WESTERN INDUSTRIALIZED COUNTRY ACHIEVED AS HIGH AN INCREASE IN IMPORT VOLUME AS THE FRG, AND IN 1975 THE FRG WAS THE ONLY WESTERN COUNTRY RECORDING AN INCREASE IN REAL IMPORTS. IN 1976 ITS REAL IMPORTS ROSE BY 17 PERCENT WHILE THAT OF ALL OTHER OECD COUNTRIES ARE ESTIMATED TO RISE ONLY BY 13.5 PERCENT.

3. AS EXAMPLE FOR THE DYNAMIC DEVELOPMENT OF GERMAN IMPORTS, ROHWEDDER CITED GERMAN IMPORTS OF FINISHED GOODS FROM THE US. IN 1975 SUCH IMPORTS, ACCORDING TO THE GATT SECRETARIAT, ROSE IN VOLUME BY 25-30 PERCENT; AT THE SAME TIME THE VOLUME OF GERMAN EXPORTS OF FINISHED GOODS TO THE US DECLINED BY ABOUT THE SAME EXTENT.

4. IN VIEW OF THE ABOVE DATA, ROHWEDDER ARGUES THAT THERE IS NO LAG IN GERMAN IMPORTS. THE FRG CONTINUOUSLY INCREASED ITS IMPORTS, PARTICULARLY IN SECTORS WHERE ALL INDUSTRIAL COUNTRIES SUFFERED SUBSTANTIAL DIFFICULTIES. ROHWEDDER ADDED THAT THE LIBERAL IMPORT POLICY OF THE FRG, AIMING TO EASE

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ACCESS TO GERMAN MARKETS FOR FOREIGNERS, PARTICULARLY FAVORED DEVELOPING COUNTRIES. HE POINTED TO IMPORTS OF TEXTILES FROM DEVELOPING COUNTRIES WHICH IN 1975 (PER CAPITA) AMOUNTED IN THE FRG TO \$27, IN THE EC TO \$19, IN THE US TO \$12 AND IN JAPAN TO \$6 ONLY.

5. ROHWEDDER CONCLUDED THAT, IN VIEW OF 1976 GERMAN IMPORT DEVELOPMENT "ALSO IN THE FOURTH YEAR AFTER THE OIL CRISIS CARRIED A LARGER SHARE IN THE WORLD IMPORT INCREASE THAN MOST WESTERN INDUSTRIALIZED COUNTRIES." HE EMPHASIZED THAT, ALTHOUGH IN SOME SECTORS OF THE GERMAN ECONOMY DIFFICULTIES HAVE BECOME MORE APPARENT, THE GERMAN GOVERNMENT WILL NOT CHANGE ITS LIBERAL POLICY. HE ADDED THAT THE UNRESTRICTED ACCESS BY FOREIGNERS TO GERMAN MARKETS IS CONSIDERED BY THE FRG AS AN IMPORTANT GERMAN CONTRIBUTION TO THE DIALOGUE WITH THE DEVELOPING COUNTRIES.

6. IN ROHWEDDER'S VIEW, FURTHER EXPANSIONARY  
MEASURES MAY BE NECESSARY IN THE US BUT  
ARE OUT OF PLACE IN THE FRG. ROHWEDDER CLOSED:  
"SUDDEN POLICY CHANGES MAY BE SUITABLE FOR COUNTRIES

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WHERE ECONOMIC POLICY HAS NOT ACHIEVED DESIRED  
RESULTS. HOWEVER, IF ONE OF THE MOST IMPORTANT  
INTERNATIONAL MARKETS STOOD THE TEST FOR LIBERAL  
IMPORT POLICIES BETTER THAN OTHER MAJOR TRADING  
COUNTRIES IT WOULD BE WRONG TO DEMAND FROM THIS  
COUNTRY THE SAME AS MAY BE REASONABLY DEMANDED  
FROM OTHERS WHICH FOLLOW LESS IMPORT-INCLINED POLICIES.  
AGAINST THE BACKGROUND OF LATEST DEVELOPMENTS IN  
WORLD TRADE IT IS NOW, MORE THAN EVER BEFORE,  
NECESSARY TO FOLLOW TRADE POLICIES WITH A CLEAR

SENSE FOR REALITIES."

7. THE FOLLOWING TABLE, GIVING 1975 IMPORT DATA FOR THE US, THE FRG AND JAPAN, WAS ATTACHED TO ROHWEDDER'S UNCLASSIFIED

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ARTICLE.

VALUE OF 1975 IMPORTS FROM DEVELOPING COUNTRIES  
(IN BILLION OF DOLLARS)

	U.S.	FRG	JAPAN			
	PERC.	PERC.	PERC.			
	VALUE	CHANGE	VALUE	CHANGE	VALUE	CHANGE
OPEC COUNTRIES	17.1	-9	8.2	-11	19.4	3
OTHER DEVELOPING COUNTRIES	22.2	-7	6.7	7	11.5	-13
FINISHED GOODS	9.6	-11	2.9	9	2.5	-29
TEXTILES	2.5	2	1.4	26	0.7	-32

VALUE OF 1975 IMPORTS  
(IN BILLION OF \$)

	U.S.	FRG	JAPAN			
	PERC.	PERC.	PERC.			
	VALUE	CHANGE	VALUE	CHANGE	VALUE	CHANGE
TOTAL IMPORTS	97	-4	75	8	58	-7
FINISHED GOODS	52	-7	41	12	12	-21
MOTOR VEHICLES	11	-3	4	46	0.3	20
TEXTILES	4	-4	7	14	1	-28

8. COMMENT: APART FROM THE QUESTION OF WHETHER A COMPARISON OF IMPORT GROWTH RATHER THAN ONE OF THE CURRENT ACCOUNT BALANCE IS THE MOST RELEVANT ONE, ROHWEDDER'S COMPARISON MAKES THE FRG LOOK PARTICULARLY GOOD BY FOCUSING ON THE LAST TWO YEARS ONLY. DURING THE EARLY 1970'S THE IMPORTS OF OTHER COUNTRIES, INCLUDING THE US, GREW AT A MUCH FASTER PACE. IN ADDITION, THE FRG STARTED TO CUT BACK ON DOMESTIC DEMAND (AND IMPORT GROWTH) IN 1973, THUS THE IMPORT UNCLASSIFIED

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BASE OF THE FRG IS RELATIVELY SMALLER IF ONE COMPARES THE LAST TWO YEARS ONLY. FOR THE PERIOD 1971-75,

FOR EXAMPLE, US TOTAL IMPORTS (C.I.F.) GREW BY  
114 PERCENT AND GERMAN IMPORTS (C.I.F., DOLLAR VALUES)  
BY 151 PERCENT--THUS GIVING A CONSIDERABLY LESS  
STRIKING GERMAN PERFORMANCE. USING IMF (F.O.B.,  
DOLLAR VALUES) STATISTICS, GERMAN MERCHANDISE TRADE  
IMPORTS BETWEEN 1971 AND 1975 GREW BY 131 PERCENT  
WHILE US MERCHANDISE IMPORTS GREW BY 114 PERCENT.  
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